

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 15, 2017
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant: California Municipal Finance Authority

Allocation Amount Requested:
Tax-exempt: \$25,000,000

Project Information:
Name: Posada de Colores Apartments
Project Address: 2221 Fruitvale Avenue
Project City, County, Zip Code: Oakland, Alameda, 94601

Project Sponsor Information:
Name: Posada de Colores, LP (Posada de Colores, LLC)
Principals: Chris Iglesias, Ralph Holmes and Romeo Garcia for Posada de Colores, LLC
Property Management Company: Casitas of Hayward, Inc.

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
TEFRA Noticing Date: January 13, 2017
TEFRA Adoption Date: February 2, 2017

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 100
Manager's Units: 1 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Posada de Colores Apartments is an existing project located in Oakland on a 0.56-acre site. The project consists of 99 one-bedroom units and 1 two-bedroom unrestricted manager unit. Building exterior renovations will consist of repair or replacement of awnings, trellises, guardrails, HVAC systems, plumbing and repainting. Interior renovations will include replacement of kitchen cabinets, counters, sinks, faucets, range hoods, garbage disposals, and bathroom vanities, bathtubs, showers and toilets. Unit upgrades will also include HVAC fresh air vents, GFCI outlets, LED lighting, new doors, flooring and window coverings. Lastly, common area renovations include repair or replacement of lighting, concrete structures, fire alarm, security cameras and common area BBQ. The rehabilitation is expected to begin in July 2017 and to be completed in May 2018.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%
99% (99 units) restricted to 50% or less of area median income households.

Unit Mix: 1 bedroom

The proposed project will not be providing service amenities.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 40,917,227	
Estimated Hard Costs per Unit:	\$ 81,568	(\$8,075,265 /99 units)
Estimated per Unit Cost:	\$ 409,172	(\$40,917,227 /100 units including mgr. units)
Allocation per Unit:	\$ 252,525	(\$25,000,000 /99 units)
Allocation per Restricted Rental Unit:	\$ 252,525	(\$25,000,000 /99 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 25,000,000	\$ 10,480,100
Accrued/Deferred Interest	\$ 310,690	\$ 310,690
Reserves	\$ 637,200	\$ 637,200
LIH Tax Credit Equity	\$ 1,286,647	\$ 12,719,469
Developer Equity	\$ 100	\$ 100
Deferred Developer Fee	\$ 1,917,965	\$ 1,917,965
Unity Council Perm Loan	\$ 0	\$ 5,100,000
Seller Carryback Loan	\$ 9,157,436	\$ 9,157,436
City of Oakland RDA funds	\$ 450,000	\$ 450,000
Net Income From Operations	\$ 0	\$ 144,267
Total Sources	\$ 38,760,038	\$ 40,917,227

Uses of Funds:	
Land Cost/Acquisition	\$ 19,210,000
Rehabilitation	\$ 9,856,000
Relocation	\$ 950,000
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 230,200
Survey and Engineering	\$ 135,000
Construction Interest and Fees	\$ 1,908,204
Permanent Financing	\$ 107,601
Legal Fees	\$ 95,000
Reserves	\$ 1,462,959
Appraisal	\$ 30,589
Hard Cost Contingency	\$ 1,488,706
Local Development Impact Fees	\$ 143,447
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 731,556
Developer Costs	\$ 4,567,965
Total Uses	\$ 40,917,227

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

74.3 out of 140

[See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$25,000,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	1.3
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	3
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	74.3

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.